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USDOC FOR 532/OEA/LHINES/DFARROW
USDOC FOR 3132/FCS/OIO REGIONAL DIRECTOR WILLIAM ZARIT

BEIJING FOR FCS JEANETTE CHU

BICE FOR OFFICE OF STRATEGIC INVESTIGATIONS

SIPDIS

E.O. 12958: N/A
TAGS: [BMGT](#) [BEXP](#) [HK](#) [ETTC](#)
SUBJECT: EXTRANCHECK: POST SHIPMENT VERIFICATION: NEW
COSMOS (H.K.) LTD.

REF: A) USDOC 05351

11. Unauthorized disclosure of the information provided below is prohibited by Section 12C of the Export Administration Act.

12. As per reftel A request ad at the direction of the Office of Enforcement nalysis (OEA) of the Bureau of Industry and Secuity (BIS), Export Control Officer (ECO) Philip Akel onducted a post shipment verification (PSV) t New Cosmos (H.K.) Ltd. (New Cosmos H.K.) on October 10, 2006. This PSV concerned parts for massspectrometers exported by Brimrose Corporatin of Sparks, Maryland, classified as EAR99 and valued at \$26,399.

13. An extract from the Hong Kong Companies Registry provides that New Cosmos has been registered as a company in Hong Kong since March 1999. The registered address matches the address where the check was conducted. New Cosmos H.K.'s corporate registration lists three directors by their Chinese passport numbers and without Hong Kong identification card numbers (PRC nationals Jing Huang, Zhipeng Pei, Jinsong Wang). One director is listed by reference to a Hong Kong I.D. card number(Qingpei Zhao).

14. On October 10, 2006, the ECO visited New Cosmos at Room B, 32/F, United Centre, 95 Queensway, Hong Kong and met with Debbie Fok, Assistant General Manager. The New Cosmos office is located inside of the offices of China Legal Service (H.K.) Ltd. (www.chinalegal.com.hk) and there is no reference to New Cosmos on the exterior of the office or in the building registry. The meeting occurred in a small conference room in the offices of China Legal Service (H.K.) Ltd. Ms. Fok stated that New Cosmos has been in existence for about five years and has a representative office in Beijing (listed on Ms. Fok's business card as being located at Room 2004, Building B, Jianwai SOHO, 39 Dongsanhuanzhong Road, Chaoyand District, Beijing) (New Cosmos Beijing). Ms. Fok stated that New Cosmos H.K. (and its Beijing representative office) acts as a trading company to obtain items from the United States and elsewhere on behalf of Chinese clients. She stated that the main business area of focus is telecommunications. She further stated that, to the degree a U.S. export

license is required, this is the responsibility of the U.S. exporter.

¶5. Ms. Fok confirmed that New Cosmos (H.K.) had received the items that were the subject of the PSV. She stated that the items were ordered by and for Tsinghua University in Beijing through New Cosmos

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Beijing. A separate item that is the subject of a separate PSV cable was also destined for Tsinghua University. The items were shipped to Hong Kong and not directly to Beijing at the request of Tsinghua University. Once New Cosmos H.K. had received them, Ms. Fok called New Cosmos Beijing and a representative of Tsinghua University picked them up from New Cosmos H.K.'s offices. Ms. Fok further stated that the exporter (Brimrose) was aware of the end-user of the items.

¶6. Ms. Fok was somewhat reluctant to provide any additional information about the transaction in question (and a related transaction that is the subject of a separate cable). Fok declined to provide additional documentation on the destination of the shipment. At the same time, the items in question were classified by the exporter as EAR99 and could therefore, absent EPCI concerns or misclassification, be exported or reexported to China. BIS may wish to reach out to the exporter to determine why it chose to list New Cosmos (H.K.) as the ultimate consignee.

¶7. It is apparent to the ECO that New Cosmos H.K. and, most likely, New Cosmos, Beijing are trading companies that do not engage in production or manufacturing of any kind. While Ms. Fok was reluctant to provide additional information about the shipment in question, her answers were not evasive or untruthful and were consistent with the information in documents provided by BIS. Therefore, in accordance with guidance on reporting of PSVs where the items cannot be physically inspected, the ECO recommends that this PSV be classified as Limited.
Cunningham